

Message Text

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ACTION ARA-20

INFO OCT-01 ADP-00 L-03 H-03 EB-11 AGR-20 COME-00 TRSE-00

OPIC-12 NSC-10 CIAE-00 INR-10 NSAE-00 PA-03 RSC-01

USIA-15 PRS-01 EA-11 RSR-01 /122 W

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R 151912Z AUG 73

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 6703

C O N F I D E N T I A L LIMA 5948

EO 11652: GDS

TAGS: EFIS, EIND, BDIS, ENRG, OVIP, PE

SUBJ: U.S. FISHMEAL COMPANY REPRESENTATIVES BRIEFED

ON GREEN MISSION AND EXPRESS FURTHER VIEWS RE EVALUATION

REF: SECSTATE 158058 LIMA 5426

1. AT MEETING AUG 14, DRAWING ON POINTS REFTEL STATE 158058 AND ON PRESENCE DESK OFFICER FRECHETTE, AMBASSADOR BRIEFED REPRESENTATIVES OF GOLDKIST (GOLDKIST), PESQUERIA MEILAN (INTERNATIONAL PROTEIN), CARGILL (CARGILL), AND GLOUCESTER PERUVIAN (GEN MILLS). HOME OFFICE REPS FROM STAR KIST NOW IN LIMA HAD ALREADY INFORMED LOCAL COISHCO (STAR KIST) REP OF SUBSTANCE KUBISCH BRIEFING, AND THEY THEREFORE DID NOT ATTEND MEETING. FOUR REPS CONCURRED WITH AMBASSADOR'S STATEMENT THAT IT NEITHER FEASIBLE NOR DESIRABLE INCLUDE FISHMEAL NATIONALIZATION ON GREEN AGENDA. HOWEVER, AMBASSADOR AGREED TO THEIR REQUEST THAT HE ASK MR. GREEN TO RECEIVE THEM FOR SHORT MEETING IF THIS WOULD FIT LATTER'S SCHEDULE.

2. REPS REITERATED CONCERNS EXPRESSED EARLIER (SEE LIMA 5426) RE CONVERTIBILITY, MAINTENANCE OF VALUE OF FISH BONDS, ETC. THEY ALSO INDICATED THEY MORE PESSIMISTIC THAN HAVE BEEN HERETOFORE BECAUSE OF CONTINUED DELAY ON PART OF GOP IN GIVING THEM ANY SPECIFIC INDICATION OF
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HOW IT WILL FINALLY EVALUE THEIR STOCKS AND ASSETS. IT

SHOULD BE RECALLED IN THIS REGARD THAT THEIR OWN EVALUATION (USING GOVERNMENT ACCOUNTING PROCEDURES) OF \$310 A TON FISHMEAL PRICE HAS NOT BEEN SUBSTANTIATED BY GOP. THEY ALSO INDICATED THAT THEY LESS THAN ELATED BY WHAT THEY CALCULATE WILL BE GOP'S EVALUATION OF FIXED CAPITAL ASSETS, WHICH WILL COME TO ABOUT 40 PERCENT OF WHAT THEY SAY THEY ARE WORTH.

3. ANOTHER NEGATIVE INDICATOR IS FACT THAT 28 NATIONALIZED FISHMEAL CONCERNS, INCLUDING TWO U.S. COMPANIES (PESQUIERIA MEILAN AND GLOUCESTER PERUVIAN) ARE ON MINFISH'S FIRST LIST OF COMPANIES TO BE ABSORBED INTO PESCAPERU. THESE 28 COMPANIES HAVE BEEN INSTRUCTED TO DISMISS ALL EMPLOYEES PRIOR TO MORNING AUGUST 15 AS PREREQUISITE TO BEING OFFICIALLY TAKEN OVER BY PESCAPERU. REPS SPECULATED THAT MOST EMPLOYEES AFFECTED WILL BE IMMEDIATELY REHIRED BY PESCAPERU SINCE PESCAPERU NOT YET IN POSITION TO FINISH CURRENT AUDITING OF BOOKS WITHOUT MANY OF THESE EMPLOYEES. THIS ABRUPT ACTION WITHOUT ANY EXPLANATION FROM GOP, IN REPRESENTATIVES' VIEW, DOES NOT AUGUR PARTICULARLY WELL FOR FINAL OUTCOME OF EVALUATION.

4. IN REGARD TO EFFORTS OBTAIN CONCERTED POSITION AMONG ALL NATIONALIZED COMPANIES, U.S. REPS. TO DATE HAVE TALKED ONLY WITH FRENCH COMPANY COLLEAGUE WHO HAS OBTAINED LEGAL COUNSEL AND AGREES CONCERTED APPROACH USEFUL. U.S. REPS HAVE ALSO OBTAINED LEGAL SERVICES AND ARE DRAFTING SET OF LEGAL AND ACCOUNTING MEMORANDA WHICH, AFTER FINAL APPROVAL BY U.S. REPS, WILL BE CIRCULATED TO ALL OTHER NATIONALIZED COMPANIES FOR THEIR CONCURRENCE. U.S. REPS INTEND, WITH OR WITHOUT AGREEMENT ALL OTHER AFFECTED FIRMS, TO THEN USE MEMOS AS BASIS PRESENTATION TO MIN ECON AND FINANCE AS MENTIONED REFTEL 5426.

5. ONE REP MENTIONED UNSTUBSTANTIATED STORY WHICH HE WILL ATTEMPT VERIFY (AS WILL EMBASSY WITH JAPANESE EMBASSY COLLEAGUE) THAT ONE OF TWO JAPANESE COMPANIES NATIONALIZED HAS BEEN MOTIVATED NOT TO PRESS POSSIBLE CLAIMS AGAINST GOP SINCE IT MAY RECEIVE ECHAP (PERUVIAN CONFIDENTIAL

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STATE FISHMEAL SALES ORGANIZATION) AGENCY IN JAPAN AT FUTURE DATE. IF VERIFIED, POTENTIAL BARGAINING POSITION WITH GOP ON BROAD MULTILATERAL FRONT WOULD BE SUBSTANTIALLY WEAKENED.
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